

130, Nays 12, 2 present, not voting; passed by the Senate, with amendments, on May 23, 2017: Yeas 30, Nays 1.

Filed without signature June 15, 2017.

Effective June 15, 2017.

**IMPOSITION OF HOTEL OCCUPANCY TAXES BY AND THE
COLLECTION AND USE OF CERTAIN TAX REVENUE IN
CERTAIN MUNICIPALITIES AND COUNTIES, INCLUDING
THE AUTHORITY OF CERTAIN MUNICIPALITIES TO
PLEDGE CERTAIN TAX REVENUE FOR THE PAYMENT OF
OBLIGATIONS RELATED TO HOTEL AND HOTEL AND
CONVENTION CENTER PROJECTS; AUTHORIZING THE
IMPOSITION OF A TAX**

CHAPTER 785

H.B. No. 2445

AN ACT

relating to the imposition of hotel occupancy taxes by and the collection and use of certain tax revenue in certain municipalities and counties, including the authority of certain municipalities to pledge certain tax revenue for the payment of obligations related to hotel and hotel and convention center projects; authorizing the imposition of a tax.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 334.001, Local Government Code, is amended by amending Subdivisions (1) and (4) and adding Subdivision (1-a) to read as follows:

(1) *“Active transportation” means transportation that is wholly or primarily powered by human energy. The term includes walking, running, and bicycling.*

(1-a) *“Approved venue project” means a sports and community venue project that has been approved under this chapter by the voters of a municipality or county.*

(4) *“Venue” means:*

(A) an arena, coliseum, stadium, or other type of area or facility:

(i) that is used or is planned for use for one or more professional or amateur sports events, community events, or other sports events, including rodeos, livestock shows, agricultural expositions, promotional events, and other civic or charitable events; and

(ii) for which a fee for admission to the events is charged or is planned to be charged;

(B) a convention center, convention center facility as defined by Section 351.001(2) or 352.001(2), Tax Code, or related improvement such as a civic center hotel, theater, opera house, music hall, rehearsal hall, park, zoological park, museum, aquarium, or plaza located in the vicinity of a convention center or facility owned by a municipality or a county;

(C) a tourist development area ~~[along an inland waterway];~~

(D) a municipal parks and recreation system, or improvements or additions to a parks and recreation system, or an area or facility, *including an area or facility for active transportation use*, that is part of a municipal parks and recreation system;

(E) a project authorized by Section 4A or 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), as that Act existed on September 1, 1997; ~~[and]~~

(F) a watershed protection and preservation project; a recharge, recharge area, or recharge feature protection project; a conservation easement; or an open-space preservation program intended to protect water; and

(G) an airport facility located in a municipality located on the international border.

SECTION 2. Section 334.1015, Local Government Code, is amended to read as follows:

Sec. 334.1015. APPLICATION. (a) *Except as provided by Subsection (b), this [This] subchapter does not apply to the financing of a venue project that is an area or facility that is part of a municipal parks and recreation system.*

(b) *A municipality located on the international border may finance a venue project described by Section 334.001(4)(D) with the revenue from a tax imposed under this subchapter.*

SECTION 3. Section 334.2515, Local Government Code, is amended to read as follows:

Sec. 334.2515. APPLICATION. Except as provided by Section 334.2516, this subchapter does not apply to the financing of a venue project that is:

(1) *an area described by Section 334.001(4)(C);*

(2) *an area or facility that is part of a municipal parks and recreation system as described by Section 334.001(4)(D); [or]*

(3) *[2] a project described by Section 334.001(4)(E), except for a project [projects] described by [in] Section 334.001(4)(A); or*

(4) *a facility described by Section 334.001(4)(G).*

SECTION 4. Section 351.005, Tax Code, is amended to read as follows:

Sec. 351.005. REIMBURSEMENT FOR EXPENSES OF TAX COLLECTION AND USE OF ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) A municipality may permit a person who is required to collect and pay over to the municipality the tax authorized by this chapter *to withhold* not more than one percent of the amount of the tax collected and required to be reported as reimbursement to the person for the cost of ~~[costs in] collecting the tax [and, if applicable, the use of an electronic tax administration system described by Section 351.1012].~~

(b) *If a municipality uses revenue derived from the tax authorized by this chapter to create, maintain, operate, or administer an electronic tax administration system as authorized by Section 351.1012, the municipality shall permit a person who is required to collect and pay over to the municipality the tax authorized by this chapter to withhold not more than one percent of the amount of the tax collected and required to be reported as reimbursement to the person for the cost of collecting the tax.*

(c) The municipality may provide that the reimbursement provided or required by this section be forfeited because of a failure to pay the tax or to file a report as required by the municipality.

SECTION 5. Section 351.101(a), Tax Code, as amended by Chapters 666 (H.B. 3772) and 979 (H.B. 3615), Acts of the 84th Legislature, Regular Session, 2015, is reenacted and amended to read as follows:

(a) Revenue from the municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that use is limited to the following:

(1) the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both;

(2) the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;

(3) advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;

(4) the encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms;

(5) historical restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums:

(A) at or in the immediate vicinity of convention center facilities or visitor information centers; or

(B) located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates;

(6) for a municipality located in a county with a population of one million or less, expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity;

(7) subject to Section 351.1076, the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields, including facilities or fields for baseball, softball, soccer, flag football, and rodeos, if:

(A) the municipality owns the facilities or fields;

(B) the municipality:

(i) has a population of 80,000 or more and is located in a county that has a population of 350,000 or less;

(ii) has a population of at least 75,000 but not more than 95,000 and is located in a county that has a population of less than 200,000 but more than 160,000;

(iii) has a population of at least 36,000 but not more than 39,000 and is located in a county that has a population of 100,000 or less that is not adjacent to a county with a population of more than two million;

(iv) has a population of at least 13,000 but less than 39,000 and is located in a county that has a population of at least 200,000;

(v) has a population of at least 70,000 but less than 90,000 and no part of which is located in a county with a population greater than 150,000;

(vi) is located in a county that:

(a) is adjacent to the Texas–Mexico border;

(b) has a population of at least 500,000; and

(c) does not have a municipality with a population greater than 500,000;

(vii) has a population of at least 25,000 but not more than 26,000 and is located in a county that has a population of 90,000 or less;

(viii) ~~(ix)~~ is located in a county that has a population of not more than 300,000 and in which a component university of the University of Houston System is located; ~~or~~

(ix) ~~(x)~~ has a population of at least 40,000 and the San Marcos River flows through the municipality; or

(x) contains an intersection of Interstates 35E and 35W and at least two public universities; and

(C) the sports facilities and fields have been used, in the preceding calendar year, a combined total of more than 10 times for district, state, regional, or national sports tournaments;

(8) for a municipality with a population of at least 70,000 but less than 90,000, no

part of which is located in a county with a population greater than 150,000, the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of a coliseum or multiuse facility;

(9) signage directing the public to sights and attractions that are visited frequently by hotel guests in the municipality;

(10) the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of a coliseum or multiuse facility, if the municipality:

(A) has a population of at least 90,000 but less than 120,000; and

(B) is located in two counties, at least one of which contains the headwaters of the San Gabriel River; and

(11) for a municipality with a population of more than 175,000 but less than 225,000 that is located in two counties, each of which has a population of less than 200,000, the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of a coliseum or multiuse facility and related infrastructure or a venue, as defined by Section 334.001(4), Local Government Code, that is related to the promotion of tourism.

SECTION 6. Section 351.101, Tax Code, is amended by amending Subsection (g) and adding Subsections (g-1), (n), and (o) to read as follows:

(g) *This ~~[Nothing in this]~~ section does not ~~[shall]~~ prohibit a ~~[any private entity,]~~ person that receives a grant from a municipality to conduct an activity authorized by Subsection (a)(4) ~~[-or organization]~~ from making a grant ~~[subgrants]~~ by contract to another ~~[any other]~~ person to conduct an activity authorized by that subdivision ~~[-entity, or private organization for expenditures under Section 351.101(a)(4)]~~. A person that receives a grant from a grantee of the municipality under this subsection ~~[subgrantee]~~ shall:*

(1) *at least annually submit a report of the person's expenditures of funds received from the grantee ~~[make periodic reports]~~ to the governing body of the municipality ~~[of its expenditures from the tax authorized by this chapter]~~; and*

(2) *make records of those ~~[these]~~ expenditures available for review to the governing body of the municipality and any ~~[or]~~ other person.*

(g-1) *A municipality may not require a person that receives funds directly from the municipality through a grant to conduct an activity authorized by Subsection (a)(4) to waive a right guaranteed by law to the person or to enter into an agreement with another person.*

(n) *In addition to other authorized uses, a municipality that has a population of not more than 1,500 and is located in a county that borders Arkansas and Louisiana may use revenue from the municipal hotel occupancy tax for the promotion of tourism by the enhancement and upgrading of an existing sports facility or field as specified by Subsection (a)(7), provided that the requirements of Subsections (a)(7)(A) and (C) and Section 351.1076 are met.*

(o) *In addition to the purposes provided by Subsection (a), a municipality that has a population of not more than 10,000, that contains an outdoor gear and sporting goods retailer with retail space larger than 175,000 square feet, and that hosts an annual wiener dog race may use revenue from the municipal hotel occupancy tax to promote tourism and the convention and hotel industry by constructing, operating, or expanding a sporting related facility or sports field owned by the municipality, if the majority of the events at the facility or field are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in the municipality. If a municipality to which this subsection applies uses revenue derived from the municipal hotel occupancy tax for a purpose described by this subsection, the municipality may not reduce the percentage of revenue from that tax allocated for a purpose described by Subsection (a)(3) to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue for a purpose described by this subsection.*

SECTION 7. Section 351.1012(a), Tax Code, is amended to read as follows:

(a) Notwithstanding any other provision of this chapter, a municipality may spend *each year not more than the lesser of one percent or \$75,000 of the revenue derived from the tax authorized by this chapter during that year* for the creation, maintenance, operation, and administration of an electronic tax administration system. *A municipality may not use revenue the municipality is authorized to spend under this subsection to conduct an audit.*

SECTION 8. Section 351.102, Tax Code, is amended by amending Subsections (b), (c), and (d) and adding Subsections (c-1), (e), (f), and (g) to read as follows:

(b) An eligible central municipality, a municipality with a population of 173,000 or more that is located within two or more counties, a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine or contains the headwaters of the San Gabriel River, or a municipality with a population of at least 99,900 but not more than 111,000 that is located in a county with a population of at least 135,000 may pledge the revenue derived from the tax imposed under this chapter from a hotel project that is owned by or located on land owned by the municipality or, in an eligible central municipality, by a nonprofit corporation acting on behalf of an eligible central municipality, and that is located within 1,000 feet of a convention center facility owned by the municipality for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip the hotel and any facilities ancillary to the hotel, including convention center entertainment-related facilities, meeting spaces, restaurants, shops, street and water and sewer infrastructure necessary for the operation of the hotel or ancillary facilities, and parking facilities within 1,000 feet of the hotel or convention center facility. For bonds or other obligations issued under this subsection, an eligible central municipality or a municipality described by this subsection or Subsection (e) may only pledge revenue or other assets of the hotel project benefiting from those bonds or other obligations.

(c) *Except as provided by this subsection, a [A] municipality to which Subsection (b) or (e) applies is entitled to receive all funds from a project described by Subsection (b) [this section] that an owner of a project may receive under Section 151.429(h) of this code, or Section 2303.5055, Government Code, and may pledge the funds for the payment of obligations issued under this section. A municipality described by Subsection (e) is not entitled to receive funds from a project under this subsection unless the municipality has pledged the revenue derived from the tax imposed under this chapter from the project for the payment of bonds or other obligations issued or incurred for the project.*

(c-1) *A municipality to which this subsection applies is entitled to receive all funds from a hotel and convention center project that the owner of a project could receive under Section 151.429(h) of this code or Section 2303.5055, Government Code, if a project for purposes of those provisions included a hotel and convention center project. The municipality may pledge the funds for payment of obligations issued under this section for the hotel and convention center project. For purposes of this subsection, "hotel and convention center project" means a project that is an existing hotel owned by the municipality or another person and a convention center facility to be acquired, constructed, equipped, or leased, that will be located within 1,000 feet of the hotel, and that will be owned by or located on land owned by the municipality. This subsection applies only to a municipality that:*

(1) *is the county seat of a county that:*

(A) *borders the United Mexican States;*

(B) *has a population of less than 300,000; and*

(C) *contains one or more municipalities with a population of 200,000 or more; and*

(2) *holds an annual jalapeño festival.*

(d) *Except as provided by this subsection, an eligible central municipality or another municipality described by Subsection (b) or (e) that uses revenue derived from the tax imposed under this chapter or funds received under Subsection (c) for a hotel project described by Subsection (b) may not reduce the percentage of revenue from the tax*

imposed under this chapter and allocated for a purpose described by Section 351.101(a)(3) to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue or funds for the hotel project. This subsection does not apply to an eligible central municipality described by Section 351.001(7)(D).

(e) In addition to the municipalities described by Subsection (b), that subsection also applies to:

(1) a municipality with a population of at least 110,000 but not more than 135,000 at least part of which is located in a county with a population of not more than 135,000;

(2) a municipality with a population of at least 9,000 but not more than 10,000 that is located in two counties, each of which has a population of at least 662,000 and a southern border with a county with a population of 2.3 million or more;

(3) a municipality with a population of at least 200,000 but not more than 300,000 that contains a component institution of the Texas Tech University System;

(4) a municipality with a population of at least 95,000 that borders Lake Lewisville;

(5) a municipality that:

(A) contains a portion of Cedar Hill State Park;

(B) has a population of more than 45,000;

(C) is located in two counties, one of which has a population of more than two million and one of which has a population of more than 149,000; and

(D) has adopted a capital improvement plan for the construction or expansion of a convention center facility;

(6) a municipality with a population of less than 6,000 that:

(A) is located in two counties each with a population of 600,000 or more that are both adjacent to a county with a population of two million or more;

(B) has full-time police and fire departments; and

(C) has adopted a capital improvement plan for the construction or expansion of a convention center facility;

(7) a municipality with a population of at least 56,000 that:

(A) borders Lake Ray Hubbard; and

(B) is located in two counties, one of which has a population of less than 80,000;

(8) a municipality with a population of more than 83,000, that borders Clear Lake, and that is primarily located in a county with a population of less than 300,000;

(9) a municipality with a population of less than 2,000 that:

(A) is located adjacent to a bay connected to the Gulf of Mexico;

(B) is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more; and

(C) has a boardwalk on the bay;

(10) a municipality with a population of 75,000 or more that:

(A) is located wholly in one county with a population of 575,000 or more that is adjacent to a county with a population of four million or more; and

(B) has adopted a capital improvement plan for the construction or expansion of a convention center facility;

(11) a municipality with a population of less than 75,000 that is located in three counties, at least one of which has a population of at least four million; and

(12) an eligible coastal municipality with a population of more than 3,000 but less than 5,000.

(f) A municipality described by Subsection (e)(3) that uses revenue derived from the tax

imposed under this chapter or funds received under Subsection (c) for repayment of bonds or other obligations issued or incurred for a hotel project described by Subsection (b) may not, in a fiscal year that begins after construction of the hotel project is complete and during any part of which the bonds or other obligations are outstanding, reduce the amount of revenue derived from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(6) to an amount that is less than the sum of:

(1) the amount of the revenue derived from the tax imposed under this chapter and allocated by the municipality for a purpose described by Section 351.101(a)(6) during the fiscal year beginning October 1, 2016; and

(2) three percent of the amount of revenue derived from the tax imposed under this chapter during the fiscal year for which the amount required by this subsection is being determined.

(g) A municipality to which this section applies may not receive or pledge revenue or funds under Subsection (b) or (c) for a hotel project unless the municipality enters into an agreement with a person for the development of the hotel project before September 1, 2019.

SECTION 9. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.10711 to read as follows:

Sec. 351.10711. ALLOCATION OF REVENUE FOR MAINTENANCE, ENHANCEMENT, AND UPGRADE OF SPORTS FACILITIES AND FIELDS BY CERTAIN MUNICIPALITIES. (a) *This section applies only to a municipality that is the county seat of a county that has a population of more than 10,000 and contains a portion of Mound Lake.*

(b) In addition to other authorized uses, a municipality to which this section applies may use revenue derived from the tax imposed under this chapter to promote tourism by maintaining, enhancing, or upgrading sports facilities or fields, provided that:

(1) the requirements of Section 351.1076 are met if the municipality uses the revenue to enhance or upgrade a sports facility or field;

(2) the municipality owns the sports facilities or fields; and

(3) the sports facilities and fields have been used, in the preceding calendar year, a combined total of more than 10 times for district, state, regional, or national sports tournaments.

(c) A municipality that uses revenue derived from the tax imposed under this chapter as authorized by Subsection (b) may not reduce the percentage of revenue from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(3) to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue as authorized by Subsection (b).

SECTION 10. Section 351.1076(a), Tax Code, is amended to read as follows:

(a) A municipality that spends municipal hotel occupancy tax revenue for the enhancement and upgrading of existing sports facilities or fields as authorized by Section 351.101(a)(7) or (n) or Section 351.10711:

(1) shall determine the amount of municipal hotel occupancy tax revenue generated for the municipality by hotel activity attributable to the sports events and tournaments held on the enhanced or upgraded facilities or fields for five years after the date the enhancements and upgrades are completed; and

(2) may not spend hotel occupancy tax revenue for the enhancement and upgrading of the facilities or fields in a total amount that exceeds the amount of area hotel revenue attributable to the enhancements and upgrades.

SECTION 11. Section 351.1078, Tax Code, is amended to read as follows:

Sec. 351.1078. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) A municipality that spends municipal hotel occupancy tax revenue as authorized by Section 351.101(i) or (o):

(1) may not use municipal hotel occupancy tax revenue for the acquisition of land for the sporting related facility or sports field described by that subsection;

(2) shall annually determine and prepare and publish on the municipality's Internet website a report on the events held at the facility or field, the number of hotel room nights attributable to events held at the facility or field, and the amount of hotel revenue and municipal tax revenue attributable to the sports events and tournaments held at the facility or field for five years after the date the construction expenditures are completed; and

(3) may only spend hotel occupancy tax revenue for operational expenses of the facility or field if the costs are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in or near the municipality.

(b) The municipality shall reimburse to the municipality's hotel occupancy tax revenue fund from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to sporting events held at the sporting related facility or sports field described by Section 351.101(i) or (o) for five years after the date the construction or expansion of the facility or field described by that subsection is completed.

SECTION 12. Section 352.002, Tax Code, is amended by adding Subsection (x) to read as follows:

(x) *The commissioners court of a county that has a population of less than 100,000 and that borders Lake Ray Roberts may impose a tax as provided by Subsection (a).*

SECTION 13. Section 352.003, Tax Code, is amended by adding Subsection (u) to read as follows:

(u) *The tax rate in a county authorized to impose the tax under Section 352.002(x) may not exceed two percent of the price paid for a room in a hotel.*

SECTION 14. Section 352.103, Tax Code, is amended to read as follows:

Sec. 352.103. **USE OF REVENUE: COUNTIES WITH NO MUNICIPALITY.** (a) *Except as provided by Subsection (b), the [The] revenue from a tax imposed under this chapter by a county that has no municipality may be used only for:*

(1) the purposes provided by Sections 351.101(a)(1), (2), and (4);

(2) advertising for general promotional and tourist advertising of the county and conducting a solicitation program to attract conventions and visitors either by the county or through contracts with persons or organizations selected by the commissioners court; and

(3) historical preservation and restoration.

(b) *Notwithstanding any other provision of this chapter, a county described by Subsection (a) that owns an airport may use revenue from a tax imposed under this chapter for repairs and improvements to the county airport or reimbursement for repairs and improvements to the airport.*

(c) *A county to which Subsection (b) applies may not use revenue from a tax imposed under this chapter for a purpose described by Subsection (b) in a total amount that would exceed the amount of hotel revenue in the county that is likely to be reasonably attributable to guests traveling through the airport during the 15-year period beginning on the date the county first uses the tax revenue for that purpose.*

(d) *A county to which Subsection (b) applies may not use revenue from a tax imposed under this chapter for a purpose described by Subsection (b) after the 10th anniversary of the date the county first uses that revenue for that purpose.*

SECTION 15. Subchapter B, Chapter 352, Tax Code, is amended by adding Section 352.113 to read as follows:

Sec. 352.113. **USE OF REVENUE: CERTAIN COUNTIES BORDERING LAKE RAY ROBERTS.** *In addition to the purposes authorized by this chapter, the revenue from a tax imposed under this chapter by a county authorized to impose the tax under Section 352.002(x) may be used for any purpose described by Section 352.101(a).*

SECTION 16. To the extent of any conflict, this Act controls over another Act of the 85th Legislature, Regular Session, 2017, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 17. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

Passed by the House on May 4, 2017: Yeas 139, Nays 4, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 2445 on May 26, 2017, and requested the appointment of a conference committee to consider the differences between the two houses; the House adopted the conference committee report on H.B. No. 2445 on May 28, 2017: Yeas 128, Nays 19, 1 present, not voting; passed by the Senate, with amendments, on May 23, 2017: Yeas 24, Nays 7; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; the Senate adopted the conference committee report on H.B. No. 2445 on May 28, 2017: Yeas 25, Nays 5, 1 present, not voting.

Filed without signature June 15, 2017.

Effective June 15, 2017.

**DEVELOPMENT OF CERTAIN LOCAL GOVERNMENT
TRANSPORTATION INFRASTRUCTURE PROJECTS;
AUTHORIZING THE ISSUANCE OF BONDS**

CHAPTER 786

H.B. No. 2557

AN ACT

relating to the development of certain local government transportation infrastructure projects; authorizing the issuance of bonds.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 172.001, Transportation Code, is amended by adding Subdivision (4-a) and amending Subdivision (7) to read as follows:

(4-a) *"Intelligent transportation system" means:*

(A) *innovative or intelligent technological transportation systems, infrastructure, or facilities, including elevated freight transportation facilities:*

(i) *in proximity to, or within, an existing right-of-way on the state highway system; or*

(ii) *that connect land ports of entry to the state highway system;*

(B) *communications or information processing systems that improve the efficiency, security, or safety of freight movement on the state highway system, including improving the conveyance of freight on dedicated intelligent freight lanes; or*

(C) *a transportation facility or system that increases truck freight efficiencies in the boundaries of an intermodal facility or hub.*

(7) *"Rail facilities" means:*

(A) *passenger or freight rail facilities, including:*

(i) *tracks;*

(ii) *a rail line;*

(iii) *switching, signaling, or other operating equipment;*